

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 EURE-00 SSO-00 NSCE-00 USIE-00
INRE-00 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00
EB-08 FRB-03 H-01 INR-07 INT-05 L-03 LAB-04
NSAE-00 NSC-05 PA-01 AID-05 SS-15 STR-04 ITC-01
TRSE-00 PRS-01 SP-02 FEAE-00 OMB-01 AF-08 ARA-06
EA-07 NEA-10 /124 W
-----281430Z 009135 /46

O R 281310Z MAR 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC IMMEDIATE 3619
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
USMISSION EC BRUSSELS
USMISSION OECD PARIS
USMISSION USUN NEW YORK
USDEL MTN GENEVA

C O N F I D E N T I A L ROME 5048

E.O. 11652: GDS
TAGS: EEC, CIEC, UNCTAD, PDEV, EAID
SUBJ: EUROPEAN COUNCIL, MARCH 25-26, 1977: NORTH-SOUTH ISSUES

REF: EC BRUSSELS 2447

SUMMARY. DURING THEIR MARCH 25-26 EUROPEAN COUNCIL
MEETING, THE EC HEADS OF GOVERNMENT REACHED AGREEMENT ON THE
BASIS ON A COMMON EC POSITION ON CIEC, INCLUDING ACCEPTANCE
OF THE IDEA THAT THERE SHOULD BE A COMMON FUND FOR COMMODITIES.
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END SUMMARY.

1. UK PRIME MINISTER CALLAGHAN (THE COUNCIL PRESIDENT)
INFORMED REPORTERS, AT THE END OF THE MARCH 25-26 EUROPEAN
COUNCIL, THAT THE EC HEADS OF GOVERNMENT HAD AGREED ON THE
BASIS OF A COMMON POSITION ON THE NORTH-SOUTH DIALOGUE, COM-
PRISING TWO MAJOR ELEMENTS: (A) THERE SHOULD BE COMMODITY

PRICE STABILIZATION AGREEMENTS, WHERE APPROPRIATE, AND
(B) THERE SHOULD BE A RPT A COMMON FUND (DISTINCT FROM THE RPT
THE COMMON FUND PROPOSED
BY THE G-77 IN NAIROBI). HE ANNOUNCED THAT THERE WILL ALSO
BE AN EC STUDY OF EXPORT EARNINGS STABILIZATION MEASURES FOR
DEVELOPING COUNTRIES AND OF SPECIAL CIEC ACTION ON AID. HE
ADDED THAT THESE ISSUES WILL NOW BE STUDIED IN DETAIL AT THE
APRIL 5 FOREIGN MINISTERS COUNCIL AND WILL BE INTRODUCED
INTO G-8 COORDINATION FOR THE CIEC MINISTERIAL MEETING IN
PARIS. HE ADDED, FINALLY, THAT THE EC WILL CALL ON OTHER
COUNTRIES, SUCH AS THE EAST EUROPEAN AND OIL-PRODUCING STATES,
TO MAKE AN ADEQUATE CONTRIBUTION IN THE DEVELOPMENT FIELD.
CALLAGHAN PREDICTED THAT IT WILL BE "VERY EASY" FOR THE EC
TO REACH A COMMON POSITION WITH THE U.S. ON A COMMON FUND.

2. BRUSSELS-BASED PERM DEL OFFICIALS ATTENDING THE EUROPEAN
COUNCIL ATTRIBUTED THE MOVEMENT TOWARD AN AGREED POSTION ON
A COMMON FUND TO FRG CHANCELLOR SCHMIDT'S SHIFT ON THAT ISSUE.
SCHMIDT REPEATED HIS OPPOSITION TO THE G-77 COMMON FUND CONCEPT
WHICH, HE SAID, WOULD ALSO HELP RICH NATIONS WITH RAW MATERIAL
RESOURCES. HE FORMALLY PROPOSED INSTEAD THE ADOPTION OF AN
EXTENDED STABEX SYSTEM, COVERING UP TO TWENTY-FIVE PRODUCTS.
HE ADDED THAT THE FRG DOES NOT EXCLUDE THE POSSIBILITY OF
"A FEW" PARALLEL COMMODITY AGREEMENTS, WITH ONE BUFFER STOCK
PER COMMODITY, AND THAT THE FRG COULD AGREE TO A CLEARING
HOUSE ARRANGEMENT BETWEEN BUFFER STOCKS IN DIFFERENT COMMODITY
AGREEMENTS, I.E. A COMMON FUND, BUT WITHOUT ITS OWN RESOURCES.
SCHMIDT ALSO UNDERLINED THE NECESSITY FOR RECIPROCITY FROM
THE DEVELOPING STATES, INCLUDING MULTILATERAL AGREEMENTS ON
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INVESTMENT PROTECTION AND GUARANTEES OF ENERGY SUPPLY.
THE DECISION TO PUSH FOR EAST EUROPEAN AND OPEC INVOLVEMENT
IN THE DEVELOPMENT FIELD WAS ALSO SPARKED BY SCHMIDT.

3. WHILE THE HEADS OF GOVERNMENT COLLECTIVELY AGREED ONLY TO
STUDY SCHMIDT'S STABEX PROPOSAL (ACCORDING TO PERM
DEL SOURCES, THE DUTCH REMAIN STRONGLY OPPOSED TO IT),
PERM DEL SOURCES NOTE THAT THERE WAS SUFFICIENT AGREEMENT IN
PRINCIPLE ON BOTH SIDES TO SATISFY THE DUTCH AND THE FRG,
WHO HAD BEEN THE PRIMARY CONTENDERS IN THE COMMON FUND
DISPUTE. A UK SPOKESMAN TOLD REPORTERS THAT THE HEADS OF
GOVERNMENT AGREED THAT THE MEMBER STATES SHOULD ENDEAVOR TO
MAINTAIN A COMMON FRONT ON THE COMMON FUND ISSUE AT LEAST
UNTIL THE FOREIGN MINISTERS FINALIZE THE EC POSITION APRIL 5.
PENN DEL SOURCES POINT OUT, HOWEVER, THAT THE DUTCH DID NOT
ACTUALLY SAY THEY WOULD STAY IN LINE AND THAT FINGERS SHOULD
BE KEPT CROSSED IN THAT REGARD. GARDNER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REGIONAL ORGANIZATIONS, MEETINGS, MEETING REPORTS, TRADE AGREEMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME05048
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770105-0996
Format: TEL
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770315/aaaaamxk.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 3c68a1b0-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 EC BRUSSELS 2447
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 07-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2976233
Secure: OPEN
Status: NATIVE
Subject: EUROPEAN COUNCIL, MARCH 25-26, 1977: NORTH-SOUTH ISSUES
TAGS: EAID, PDEV, EEC, UNCTAD, CIEC
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/3c68a1b0-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009